



Memorandum

TO: CITY COUNCIL

FROM: MAYOR REED,
COUNCILMEMBERS
PYLE, HERRERA,
LICCARDO, CAMPOS

SUBJECT: SAN JOSE FAMILY CAMP

DATE: November 10, 2011

APPROVED:

DATE:

11/10/11

RH Xavier Campos D.B.

RECOMMENDATION

1. Authorize the City Manager to execute and negotiate the terms of a new special use permit/land lease agreement with the United States Forest Service for a term of shorter duration (e.g. five (5) years); or alternatively, an agreement that includes a right of "assignment".
2. Authorize the City Manager to execute and negotiate partnership agreements, which may include the City of Tracy, San Jose State University, and Friends of Family Camp to reduce expenses, increase revenue, and share future capital expenditures.
3. Direct Staff to continue collaboration with the USFS and other agencies, and our Congressional Representatives to solicit grants and/or donations to augment city funds for future capital repairs.
4. Finish the Draft Master Plan and Environmental documents as required to obtain a new special use permit/land lease agreement.
5. Provide pre and post season reports to the Parks and Recreation Commission and Neighborhood Services and Education Committee with information about partnerships, completed and anticipated capital improvements, pre and post season reservations, occupancy rate, expenses, income and grants submitted for Family Camp.
6. Direct Staff to establish a Capital Reserve Fund for Family Camp and collect a supplemental user fee (surcharge) of \$20 per tent, per night. starting in 2012 to help fund future improvements at the site.

BACKGROUND

In 1967 San Jose approved the purchase of Family Camp from the City of Oakland and in 1968 Council approved the first twenty-year Special Use Permit/Land Lease with the US Forest Service. The twenty-year lease was renewed in 1988. Prior to signing a third twenty-year lease, direction was given to the City of San Jose by the Forest Service to develop a Master Plan for the site.

A site inspection in preparation for the Master Plan discovered serious structural issues with the Kitchen/Dining Hall. That building was red-tagged and camp was closed for the 2010 season while repairs were made to the Dining Hall. The repairs to the Dining Hall are expected to last

seven to ten years. In addition, Friends of Family Camp donated the labor in 2010 to replace two wooden potable water tanks with new 10,000 gallon green poly water tanks.

As stated in the Staff memo:

On March 2, 2010, Council directed staff to return with the following analysis prior to the execution of a new 20-year Special Use Permit/Land Lease Agreement with the U.S. Forest Service to operate Family Camp

(1) A plan that could bring the operation of Family Camp to full cost recovery, including the amount necessary to amortize the cost of needed repairs over a period not to exceed ten years, which includes the establishment of a sinking fund to address the other anticipated and unanticipated needs of Family Camp in the future.

(2) A plan for a potential exit strategy; the implications of closing Family Camp and discontinuing the City agreement with United States Forest Service; and what that would entail as far as costs that the City would need to return the camp area to pristine condition, or as required by the permit so that Council can evaluate all options on the table.

In 2011 Family Camp re-opened for the season.

FINANCIAL STATUS OF FAMILY CAMP

The Direct Cost recovery rate has steadily increased from 94.7% in 2008 with an Occupancy Rate of 83% to 103.5% in 2011 with an Occupancy Rate of just 59%.

Key flexible factors that affect the Total Cost Recovery are:

Indirect Costs – The majority of Family Camp workers are paid a daily stipend. In 2011 Indirect costs added an additional 68.62%. While there is a very strong possibility that 100% total cost recovery will be achieved including the full Indirect Costs, Council should keep in mind that Indirect Costs to provide a complete range of employee services to full time City employees are dramatically different from a seasonal worker paid a daily stipend.

Rate of Occupancy - Staff met with San Francisco's Camp Mather which is fully booked the first day reservations are accepted, and the City of Tracy to inform them that San Jose Family Camp is open to their residents. Both San Francisco and Tracy have indicated that they will refer their residents to San Jose for camping opportunities. According to the August 2011 Feasibility Study the most effective advertising for Family Camp is "Word of Mouth" with zero costs.

Daily Adult Fee per Camper – Daily Adult Fees have increased from \$52 in 2007 to \$70 in 2011 and staff is projecting a modest \$1 per day increase in future years.

With partnership opportunities and an increased Occupancy Rate, Family Camp has the potential to be another program within Parks and Recreation Department capable of bringing money into the city in addition to Happy Hollow Park and Zoo which received a capital investment of approximately \$70m from the voter approved 2000 Parks Bond.

The projected capital costs for Family Camp are daunting. The Draft Master Plan projects capital costs to range from \$10m to \$16m. In addition, direction given by Council to amortize capital costs over a ten year period are impossible unless additional funding sources can be identified.

Any Exit Strategy is equally problematic. The Proposed Alternative #4 in the staff memo, to close Camp, estimates the costs to the City at \$16m to meet the conditions set forward by the US Forest Service which is equal to the projected costs to expand the Kitchen/Dining Hall and construct a Nature Center.

OPPORTUNITIES FOR COLLABORATION

- Congress members Honda and Lofgren have expressed and demonstrated their support of San Jose Family Camp. We have asked them to support us in our efforts to seek grants that would help to cover the costs of a new Kitchen/Dining Hall/Nature Center and other capital improvements.
- Friends of Family Camp will be a key partner in the future of Family Camp. Their members volunteer more than 5,000 hours each season and have the professional expertise to address electrical, plumbing, sewage treatment and potable water concerns that arise. These volunteer hours will reduce the long term capital liability at the site.
- The Parks and Recreation Commission recommendation focused on keeping Family Camp open and running, with additional emphasis that under no circumstances should camp be shut down.
- The San Jose Parks Foundation has offered to create a fund raising structure, including an Annual Campaign and to help find other funding from business, corporate and foundation sources.

Family Camp provides a unique outdoor opportunity for thousands of our residents just outside the gates to internationally renowned Yosemite National Park. Words and pictures cannot fully convey the beauty and the value of this site. As we struggle with our current and future budgets we must look at new collaborations and partnerships. Our staff has designed a program that is Direct Cost Recovery with the potential to generate revenue in the future. The Feasibility Study and Draft Master Plan provide a multitude of suggestions that should be evaluated for this valuable city asset.